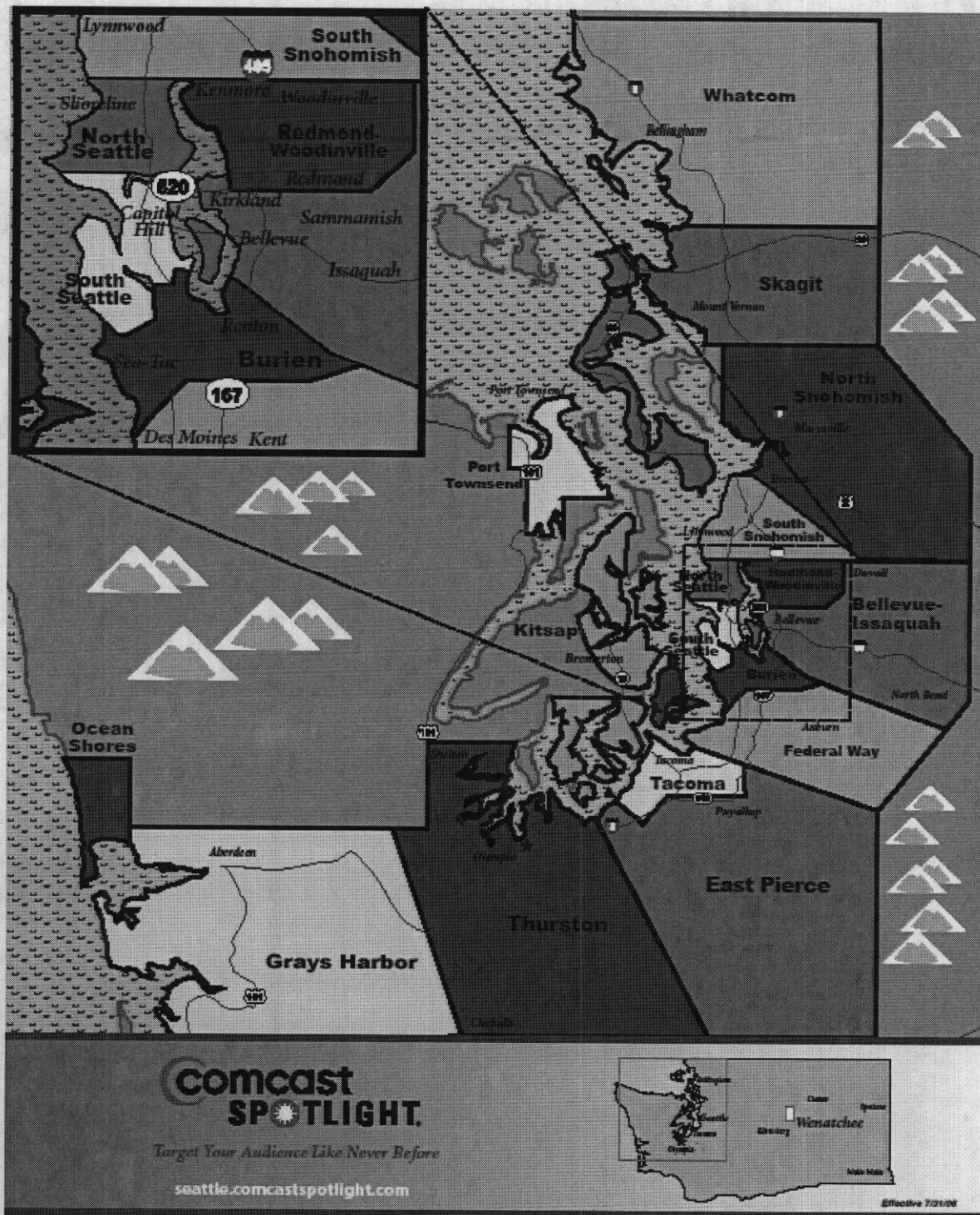


**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL
REGARDING THE STATUS OF COMPETITION IN THE SEATTLE,
WASHINGTON METROPOLITAN STATISTICAL AREA**

EXHIBIT 1





Your connection to the **digital consumer**

MIDWESTERNERS CUT THE CORD: HOUSEHOLDS IN DETROIT AND MINNEAPOLIS-ST. PAUL HAVE THE HIGHEST RATE OF WIRELESS SUBSTITUTION AMONG 20 LARGEST U.S. CITIES, ACCORDING TO TELEPHIA

*San Francisco Has **the** Lowest Substitution Rate*

SAN FRANCISCO—October 18, 2006—More and more U.S. households are dropping their landlines and opting to go completely wireless. According to Telephia, the largest provider of consumer research to the communications and new media markets, households in Detroit and Minneapolis-St. Paul have the highest rate of wireless substitution among the 20 largest cities in the country. Detroit and Minneapolis-St. Paul posted household wireless substitution rates of 19 and 15.2 percent, respectively (see Table 1). The Tampa metropolitan area secured a 15.1 percent rate, representing nearly 177,000 households. Nearly 219,000 (14.3%) households in Atlanta and 220,000 (13.6%) households in Washington D.C. cut the cord. Rounding out the top 10 were Phoenix, Seattle, Denver, Boston and Los Angeles.

“Several factors influence the rate of wireless substitution across different metropolitan markets including income levels, ethnic mix, and average age,” said Kanishka Agarwal, Telephia’s VP of New Products. “Telephia provides wired and wireless service providers with the research they need to understand and track this important change in consumer behavior at the market level.”

San Francisco: Tech Capital Holding onto Landline

San Francisco, which generally leads the nation in the adoption of many new technology products, landed at the bottom of the list. According to Telephia, the San Francisco metropolitan area posted just a 5.5 percent wireless substitution rate, which works out to be a little over 105,000 households.

“San Franciscans have traditionally been early adopters of advanced technologies. It is a bit of a surprise to see this metro much lower on the list, but this could be driven by the area’s high income level or its relatively low level of mobile network quality,” added Agarwal. “For topology and zoning reasons, mobile networks in San Francisco are not as reliable as compared to other top cities and it’s a less attractive substitute.”

Table 1: Wireless Substitution Rates for Largest U.S. Metropolitan Areas

Metropolitan Area	Total Households	Wireless Substitution Rate	Wireless Only Households
New York	6,988,000	6.5%	453,254
Los Angeles	5,374,491	9.8%	527,497
Chicago	2,751,090	8.3%	228,748

Philadelphia	2,309,987	7.4%	171,102
<i>Boston</i>	1,950,139	10.0%	194,962
San Francisco	1,903,708	5.5%	105,127
Dallas	1,694,764	8.0%	135,219
Washington, D.C.	1,613,508	13.6%	220,145
Houston	1,613,508	8.7%	140,821
Phoenix	1,543,860	13.5%	207,714
Atlanta, GA	1,532,252	14.3%	218,393
Detroit	1,474,213	19.0%	280,612
Seattle	1,288,485	13.2%	169,938
Tampa	1,172,405	15.1%	176,877
San Diego	1,102,757	9.6%	105,983
Cleveland	1,079,541	7.3%	78,287
Denver	1,056,326	11.3%	119,460
St. Louis	1,056,326	7.2%	76,090
Minneapolis	975,070	15.2%	148,254
Baltimore	858,990	5.8%	49,981

Source: Observed data from the Telephia Total Communications Survey (Q2 2006)

Note: Wireless substitution rates were determined through an online survey of 700+ households for each metropolitan area. National Health Interview Survey (NHIS) data was used to adjust for off-line households. Differences in wireless penetration rates between cities may not be statistically significant.

Please join Telephia at the following industry events:

- The World Digital Publishing Conference and Expo (London October 26-27). For more information, visit: wan-press.org
- Digital Music Wire LA Games Conference (Los Angeles, CA November 7-8). For more information, visit: lagamesconference.com
- Informa Telecoms and Media Mobile TV Summit (New York, NY November 14-16) For more information, visit: informatm.com

About Telephia


Telephia is the largest provider of syndicated consumer research to the communications and new media markets. Telephia is your connection to the digital consumer.

Since 1998, executives at service providers, device manufacturers, content providers, and retailers have relied on Telephia data to make confident competitive strategy, marketing and resource allocation decisions. Telephia uses its unique measurement tools and large-scale consumer panels to completely understand the digital consumer's behavior, attitudes and experience.


To learn how Telephia data can help you understand the digital consumer and track your competitive performance, please contact us at (415) 395-0500 or sales@telephia.com.

###

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"We make Technology Work for the City"

Schrier, Director

Office of Cable Communications

Cable Office Home
Page

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Cable Consumer
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Millennium Franchise
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Cable Office Staff

Related Links

Comcast Cable Franchise (formerly AT&T)



Comcast is the City's largest cable operator serving approximately 170,000 Seattle subscribers with cable television, telephony and high-speed Internet service. Comcast service is available in most of Seattle except for the Downtown Franchise District. To contact Comcast customer service call (888) 262-6300.

- [Comcast Franchise Agreement \(2006\)](#)
- [Downtown Franchise Ordinance](#)
- [Payment Centers](#)
- Comcast

Millennium Digital Media



Millennium Digital Media serves approximately 17,000 Seattle cable subscribers with cable television and Internet service and is the sole cable operator in the Central Area Franchise District. Millennium also serves the Downtown and parts of Capitol Hill, Beacon Hill and Queen Anne. Millennium's customer service representatives can be reached at (800) 829-CABL.

- [Millennium Franchise Agreement \(No. 1\)](#)
- [Millennium Franchise Agreement \(No. 2\)](#)
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Packages & Pricing

Basic Cable TV **146.99****

Digital Pix **\$58.39**
includes Basic Cable, Digital Pix with Starz! Super Pak, Pay-Per-View channels plus Digital Music and applicable Digital Channels

Premium Multiplexes
Add multiple channels of your favorite premium to your Digital Pix package for as low as:

HBO Multiplex **\$5.50*****
Showtime Multiplex **\$5.50*****
Cinemax Multiplex **\$5.50*****

Special Interest Package
Sports & Adventure Pix **\$5.00**
Enhanced Definition Digital Tier **\$9.95**

Ala Carte International Premium Networks
Add to your current digital programming:

TV Japan **\$24.95**
TV Asia **\$14.95**
ZEE TV **\$14.95**
Zhong Tian **\$11.95**
The Filipino Channel **\$11.95**
Saigon Broadcasting Network **\$14.95**

Pay-Per-View
Conveniently watch movies without having to step out of your house to rent and return! Transaction fees may apply.

Movies **\$3.99**
Adult Movie **\$4.95 - \$16.99**
Events **VARIES**

Cablespeed
Choose the speed that's right for you!

Ala Carte Cablespeed Lite' **\$34.95**
Ala Carte CableSpeed** **\$54.95**

To save even more on your Digital Pix package, add Cablespeed high-speed internet service for as low as:

Cablespeed Lite' **\$18.60*****
Cablespeed** **\$28.60*****

The Millennium Connection
Includes Basic Cable TV, all our digital channels. Starz! Super Pak, HBO, Showtime and Cinemax multiplexes. Sports & Adventure Pix and Cablespeed 3.0. **\$99.99**

Premium Internet Services
Cablespeed Safe & Secure
Anti-Virus, Firewall, Pop-up ad Ad Blocker and Parental Controls **\$3.95**
Cablespeed Plus
Shockwave GameBlast, NASCAR Track Pass, Encyclopedia Britannica, CNN Newpass. Clever island & American Greetings **\$9.95**
Cablespeed Plus & Safe & Secure **\$12.95**

Millennium Voice
Use your Cablespeed Internet connection to make and receive calls. Also save on long distance charges! Includes voice mail, call waiting, caller ID, and more. Call for additional pricing and packaging information.

Voice Unlimited fiii **\$39.99**
Voice Unlimited w/ Cablespeed **\$34.99**
Voice Unlimited w/ 12 months Cablespeed **\$29.99**
Voice 500 fiii **\$29.99**
Voice 500 w/ Cablespeed **\$24.99**
Voice 500 w/ 12 months Cablespeed **\$19.99**

Equipment Rental
First Digital Receiver/Remote **13.50**
Additional Digital Receivers/Remote(each) **\$10.45**
High Definition Receiver/Remote **\$9.95**
High Definition DVR Receiver/Remote **\$9.95**
Cable Modem **\$7.50**

Installation & Activation
Installation **\$49.95**
Reconnect **\$29.95**
Service Trip Charge **\$29.95**
Service Upgrade (Separate Trip) **119.95**
Service Upgrade/Activation (No Trip) **\$9.95**

Miscellaneous Rates:
Unreturned High Definition DVR Set-top Receiver **\$995.00**
Unreturned High Definition Digital Set-top Receiver **\$745.00**
Unreturned Set-top Receiver **\$500.00**
Unreturned Cable Card **\$250.00**
Unreturned Modem **\$125.00**
Unreturned MTA **\$100.00**
Unreturned Remote Control **\$25.00**
Unreturned Power Cord **\$15.00**
Insufficient Funds Fee **\$25.00**
Returned Check Fee **\$25.00**
DVR Access Fee **\$9.95**
Late Fee **\$5.00**
Transaction Fee (Adding PPV, Switching Digital Services, no truck roll) **\$1.99**



Seattle

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Welcome to the value and exciting selection of outstanding entertainment and information from Millennium Digital Media. Millennium is a leader in technology, able to provide our customers with the latest digital and broadband services. Whether you want news, information, movies, sports or family Programming, Millennium has it all!

Customer Service

When you call Millennium Digital Media, you can expect a courteous and professional Customer Service Representative to answer your call, typically within 30 seconds. Representatives are trained to help you with any billing, technical or service question.

Our office hours are 8:00 a.m. to 7:00 p.m. Monday through Friday and 9:00 a.m. to 5:00 p.m. Saturday. We can be reached at 1-800-829-2225.

Bill and Payments

New customers typically receive their bill within three weeks of installation. This will include any applicable installation or activation fees as well as service charges for approximately 30 days, as payment for cable services is in advance.

For your convenience, we offer a variety of payment options. You can send in your payment with a check or money order. Call us and pay with your VISA or Mastercard or directly from your checking.

How to Contact Us

3633 136th Place SE, Suite 107, Bellevue, WA 98006
1-800-829-2225 www.mdm.net

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Home Eommercial Cablespeed

MDMBusiness provides broadband solutions to businesses of all sizes. Our Cablespeed Pro high-speed Internet services deliver instant connectivity, lightning fast speeds and the important advantage of a single network, wholly owned and operated by Millennium Digital Media.

Commercial Cablespeed offers a variety of services and solutions designed for any size business including dedicated access solutions with speeds up to 100 times faster than dial-up, 7 times faster than 768K DSL and 4 times faster than 1.5Mbps T-1 connections. Put the power of the Internet to work for your business. You'll improve communication, boost efficiency and manage everything about your business more effectively.

- Cablespeed Pro connects directly to your existing local area network (**LAN**), so everyone in your office can share a connection.
- Business e-mail, domain name service, **website** solutions and static IP addresses are available.
- Keep your off-site employees as connected as your in-house staff with our CableSpeed Pro Teleworker service.
- Dedicated access and point-to-point fiber-optic based solutions may be available, contact us for more information.
- Local customer care team. With **MDMBusiness** service you enjoy the added benefit of a local, dedicated group supporting your business with skillful, knowledgeable and helpful service.

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Comcast to deliver Web phone service soon

By Kim Peterson
Seattle Times technology reporter

Comcast has begun rolling out Internet-enabled telephone service to customers in Western Washington with service in Seattle scheduled for launch by November.

The service, called Comcast Digital Voice, is part of a nationwide push by the country's largest cable provider, and one that ratchets up the battle between cable and telecommunications providers to win customers across a spectrum of technologies.

Comcast offers the service in 10 markets so far and plans to expand into 10 more by the end of the year, potentially reaching 15 million homes. By the end of next year, the company is aiming to reach all markets — about 40 million homes.

The company has tiered its pricing for the service, charging \$40 a month for customers who already pay for cable and high-speed Internet services. Customers who subscribe to one of those services will pay \$45 a month, and those who want only Digital Voice will pay \$55 a month.

The service includes unlimited local and domestic long-distance calling, Web access to voice mail and the ability to make 911 emergency calls. By year's end, customers will be able to go online to view the numbers they called, check their bill or forward calls directly to voice mail.

"Our strategy has always been to provide communications to our consumers the way that they want to communicate," said Cathy Avgiris, a senior vice president at Comcast and general manager of the company's digital voice services.

"If we can entertain them, provide them information and meet their communications needs, then we feel that's a good position for us to be in."

Internal studies at the company show that about 75 percent of its Digital Voice customers also pay for video and high-speed Internet services, Avgiris said.

Comcast has 21.4 million cable and 7.7 million high-speed Internet customers. In Washington, it has 1.1 million cable customers and at least 400,000 high-speed Internet subscribers.

Analyst firm IDC estimates that the number of residential subscribers to the Internet phone service — also called Voice over Internet Protocol (VoIP) — will grow from 3 million in the U.S. in 2005 to 27 million by the end of 2009.

The Digital Voice service is available in Vancouver, Bremerton and along the Interstate 5 corridor. It won't widely launch in Seattle until November.

Analysts said yesterday that the service is priced at the high end of the VoIP business. Market-leader Vonage, for example, charges \$25 a month for local and long-distance calling.

Comcast, however, is positioning its service as more reliable than its competitors — so much so that it can replace land-line services.

The company said technicians will install the service and convert phone jacks and existing wiring. Customers will be able to keep their phone numbers.

The setup will have battery-powered backup, so the service can run for five to eight hours if a home loses power, Comcast said. Calls travel over Comcast's own network and not the public Internet.

"Comcast has the potential to take back some parts of that market because it is doing things that Vonage can't," said Brian Washburn, an analyst at Current Analysis, a research firm in Sterling, Va.

The company has lost customers because it has been slow in rolling out Internet-based phone services, he said. Other services, such as AT&T CallVantage and Qwest's OneFlex, have been aggressive in entering the market.

Most customers don't need an unlimited calling package, Washburn said, and Comcast could offer a per-minute type of fee structure.

"What these folks really need to do is bring in a metered service at a lower price point if they want to capture all the people that don't live on their wired telephones."

Cable companies are embracing VoIP because it generates significant revenue and uses little network capacity, said John Barrett, research director at Dallas-based Parks Associates. They are becoming multiservice providers that offer television, voice, Internet and ultimately, some kind of mobile phone service, Barrett added.

"If you can only offer some of the pieces of that, it puts you at a huge disadvantage against your competitors."

Kim Peterson: 206-464-2360 or kpeterson@seattletimes.com

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Copyright 2006 Spokane Spokesman-Review
Spokesman Review (Spokane, WA)

March 24, 2006 Friday
Idaho Edition

SECTION: A; Pg. 8

LENGTH: 484 words

HEADLINE: Comcast telephone service draws interest

BYLINE: Tom Sowa Staff writer

BODY:

Since launching voice over cable telephone service in December, about 6,000 Spokane customers of Comcast Corp. have signed up, said Len Rozek, the company's senior vice president, based in Bothell.

Rozek said the company can realistically expect to get about 36,000 Spokane-area customers for its telephone service.

All told, Philadelphia-based Comcast has about 98,000 Spokane-area customers.

Company COO Steve Burke in an interview Thursday he believes voice over cable has vast business potential as more customers become comfortable with switching from their traditional phone lines.

"We see it becoming a major business for us," he said

The company also hopes to gain new Spokane and Washington state subscribers through a "triple play" package being launched in June. That bundle of telephone, Internet and digital cable will cost \$99 a month - far less than customers would pay for the three services if purchased separately, Burke said.

The triple play package will be part of a national rollout by Comcast, the nation's largest cable operator.

The \$99 package rate includes a digital set-top box and some access to Comcast's video on demand catalog. But it won't include a digital video recorder (DVR).

Other telecommunications companies offer similar bundled packages. Qwest Communications gives phone customers DSL Internet service along with a regular phone plan, plus the option of adding DirecTV satellite video.

Burke said he thinks Comcast's bundled plan is simpler for customers to manage and understand than those offered by the phone companies.

"We are the only company in Washington right now that can offer all three of those services over our own network," he said.

Comcast has tested the triple play in Indianapolis and in suburbs outside Boston. Burke said response has been so strong that Comcast has had trouble handling the increased demand.

Comcast telephone service draws interest Spokesman Review (Spokane, WA)

"We'll be adding 150 technical workers in Washington state" to be ready once triple play is launched, Burke added. About seven of those will be in Spokane.

The company expects to announce a cell phone service for Comcast subscribers later this year, said Burke.

The company is working out terms of that deal with Sprint Nextel; pricing hasn't yet been determined, Comcast officials said.

One advantage in bundling cell phones and cable networks will be wider access to content, said Burke. For instance, mobile phone users could dial up video content on handsets through their Comcast accounts. In other cases, customers could grab cell phone messages when logging onto their Comcast Internet accounts.

Rozek and Burke said voice over cable is the company's fastest growth segment based on percentage. In absolute numbers, the fastest growth is among Comcast's high speed Internet customers, said Rozek. In Spokane, Comcast has about 35,000 cable modem subscribers, said Rozek. That number is growing about 25 percent per year, he said.

NOTES: Business writer Tom Sowa can be reached at (509) 459-5492 or at toms@spokesman.com.

LOAD-DATE: March 25, 2006

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ABOUT US

MARKET OVERVIEW

Seattle

Map
Market Statistics
Zip Codes / Communities

NETWORKS

PRODUCTION

RESOURCE CENTER

NEWSROOM

WHAT WE OFFER

Market Overview
Market Statistics

DMA#:	14
Total Households with TV:	1,701,950
Cable Households Served:	1,236,410
Cable Households Penetration:	72.6%

Note: Above Data for entire DMA. July 2006.
Source: Nielsen Media Research Local Universe Estimates (US)

Comcast Seattle Interconnect 1,116,830

Population by Gender:

Female	50.2%
Male	49.8%

Population by Age:

14 and under	19.4%
15 to 19	6.9%
20 to 24	6.7%
25 to 34	13.9%
35 to 44	16.0%
45 to 54	15.4%
55 to 64	10.3%
65 to 74	5.8%
75 to 84	3.9%
85+	1.7%

Median Age: 37

Population by Race/Ethnicity:

White	80.7%
Black	4.0%
American Indian*	1.4%
Asian	7.4%
Some Other Race	2.6%
Two or More Races	3.9%
~~~~~	
Hispanic**	6.7%

Not Hispanic or Latino **93.4%**

* Includes Alaska Natives

** Hispanic population estimated to grow 25% from 6.7% in 2004 to 7.9% in 2009.

**Households by Income:**

\$15,000 or less	11.0%
\$15,000 - \$24,999	9.8%
\$25,000 - \$34,999	11.0%
\$35,000 - \$49,999	15.9%
\$50,000 - \$74,999	21.4%
\$75,000 - \$99,999	13.9%
\$100,000 - \$149,999	11.3%
\$150,000+	5.7%

**Median Household Income*: \$52,165**

*Median Household Income estimated to grow 10.7% by 2009 to \$57,766.

**Housing:**

Owner Occupied	60.1%
Renter Occupied	32.9%
Vacant	7.0%

**Employment*:**

Employed	92.6%
Unemployed	5.4%
In Armed Forces	2.0%

* Does not include population not in the labor force

**Highest Level of Education Completed:**

Grades K - 8	3.3%
Grades 9 - 12	8.0%
High School Graduate	24.0%
Some College, No Degree	26.5%
Associates Degree	8.0%
Bachelor's Degree	20.2%
Graduate Degree	10.0%

Cabletrack as of 20 Jan-2005

Polk Registrations data available within site is Jan, 2003 - Nov, 2004

ABC Data as of August 2004

Current year data is for the year 2004, 5 year projected data is for the year 2009. More Demographic data Â© 2004 by Experian/Applied Geographic Solutions.

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## Comcast Passes Its Two Million Comcast Digital Voice@Customer Milestone

Haga click aqui para la version en espanol

Company Celebrates **Two** Millionth Customer with Digital Home Makeover in Southeast Michigan

PHILADELPHIA, March 1, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Comcast (Nasdaq: CMCSA; CMCSK), the nation's leading provider of cable, entertainment and communications products and services, today announced it has surpassed the two million customer milestone for Comcast Digital Voice®, the company's innovative home phone service. Comcast Digital Voice is a fully featured, reliable and less expensive alternative for traditional telephone service. The company celebrated by awarding a customer in southeast Michigan with a digital home makeover to take advantage of the new integrated features that are available through its Triple Play package of phone, high-speed Internet and video services.

Surpassing two million Comcast Digital Voice customers underscores the record growth Comcast continues to experience across all cable products as it aggressively rolls out its Triple Play package of services.

"The momentum our voice product has experienced since it was launched is simply staggering," said Cathy Avgiris, senior vice president and general manager of Voice Services for Comcast. "We anticipate continued growth for the Digital Voice product and look forward to unveiling additional innovative features and services to our customers."

In addition to the cost savings and convenience of using one company for all services, the bundle provides further value and simplicity because customers benefit from the value-added features and integration of the products and services.

### Comcast Digital Voice

Comcast Digital Voice is a less expensive, fully featured, reliable digital-quality home phone service that is an alternative for customers' traditional telephone service. Comcast Digital Voice service includes: unlimited local and domestic long-distance calling (including calls to Canada and Puerto Rico); competitive international rates with no monthly fee or minimums; Web access to voicemail; online call management; E911 service; and 12 of the most popular calling features. Comcast Digital Voice stands out because calls originate and travel over Comcast's advanced, proprietary managed network, unlike best effort Voice over Internet Protocol (VoIP) offerings that run on the public Internet.

About Comcast Corporation:

Comcast Corporation (Nasdaq: CMCSA, CMCSK) (<http://www.comcast.com>) is the nation's leading provider of cable, entertainment and communications products and services. With 24.2 million cable customers, 11.5 million high-speed Internet customers, and 2.5 million voice customers, Comcast is principally involved in the development, management and operation of broadband cable systems and in the delivery of programming content.

Comcast's content networks and investments include E! Entertainment Television, Style Network, The Golf Channel, VERSUS, G4, AZN Television, PBS KIDS Sprout, TV One, four regional Comcast SportsNets and Comcast Interactive Media, which develops and operates Comcast's Internet business. Comcast also has a majority ownership in Comcast-Spectacor, whose major holdings include the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team and two large multipurpose arenas in Philadelphia.

SOURCE Comcast Corporation

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#### TELECOM REPORT

## Comcast confident in cable-phone war

### Analysis: Cable firm believes early advantage *is* crucial

By *Jeffrey Bartash*, Marketwatch  
Last Update: 5:10 PM ET Dec 8, 2006

**WASHINGTON** (Marketwatch) -- The battle between cable and phone companies to dominate in **U.S.** households ~~is~~ just starting to sizzle, but cable leader Comcast Corp. isn't feeling the heat --yet.

Executives of the cable giant, which delivers television to more than 24 million households, say they won't lose many ~~TV~~ customers over the next three years to AT&T Inc. and Verizon Communications as those two behemoths ramp up their new video services. Phone carriers are upgrading networks for video to counter the entry of the cable industry into the phone business.

Whatever customers Comcast does lose, cable executives say, would be more than offset by big gains in phone and high-speed Internet users from now until 2010.

"In that time frame, it is entirely conceivable and even probable that we could add 10 million phone customers," said John Alchin, co-chief financial officer of Comcast. "We could add 5 million high-speed Internet customers."

#### Early advantage

Comcast (CMCSK ) thinks those sorts of gains are reasonable given the low percentage of customers who now subscribe to those services.

Although Comcast serves 11 million high-speed Internet customers, more than any other cable or phone rival, that only represents 24% of the homes within its territory. And only 2.1 million customers, or 4% of Comcast's potential base, subscribe to phone service.

"Our own penetration rates still leave us a huge amount of upside," Alchin said.

Part of what makes Comcast executives so confident is that the company moved into the phone market earlier than the phone companies entered the video business. They believe that will allow Comcast to sell phone plans much faster than Verizon (VZ ) and AT&T ( T ) will add video customers,

"We had much more experience to be able to scale what we're doing right now on the phone side compared to the telcos trying to get into the video business," said Dave Watson, executive vice president of operations at Comcast. "Video is difficult for somebody just starting off."

So far, the data supports that contention. Comcast had added 1 million digital-phone customers in the first nine months of 2006, the first year the company has heavily marketed the service to most of its subscribers.

Verizon, on the other hand, said it expects to sign up about 175,000 customers by year end for the TV service it's offering over the company's new multibillion-dollar fiber network. And AT&T, which has proceeded more slowly than Verizon, only has a few thousand video customers so far.

#### Leveling the playing field

Of course, the phone companies are still rolling out their TV service and most of their customers aren't eligible to ~~receive it right now for technical or legal reasons. That will change start to change in 2007~~



"You will see both a number of markets and a number of households being covered and marketed to expand dramatically throughout the year," AT&T CFO Rick Lindner said this week.

For now, the bigger threat Comcast faces comes from Verizon. Still, cable executives estimate they would lose no more than 650,000 video customers to Verizon over the next three years.

Alchin points out that only one-third of the territory covered by Comcast and Verizon overlap. Even if Verizon achieves its target of reaching **15** million homes with its fiber-TV service by **2010**, only about **5** million of those homes would be in regions served by Comcast.

What's more, Verizon has said its goal by **2010** is to achieve a penetration rate of **20%**, meaning the company hopes to sign up one in every five households capable of receiving the fiber-TV service. Verizon CFO Doreen Toben said internal surveys show that about two-thirds of the company's initial fiber-TV customers switched from cable and the rest came from satellite.

If Verizon meets its goal, Comcast calculates the phone company would siphon off about 1 million video customers in its territory, including a sizable segment who are served by satellite operators DirecTV and The Dish Network.

Alchin figures half to two-thirds of Verizon's video customers would be Comcast defectors, representing a potential loss of 500,000 to **650,000** subscribers. Yet those losses would be miniscule compared Comcast's expected gains in phone and high-speed Internet users.

"We think we are going to do very, very well in this competition," Alchin said.

Just to be sure, though, Comcast is holding the line on cable prices. The company's planned increase in 2007 for its most basic **N** package is expected to average about **4.5%**, the lowest in more than **10** years, The Wall Street Journal reported this week.

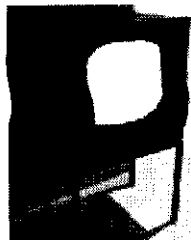
Customers, it seems, are likely the biggest winners in the intensifying competition between the cable and phone industries. ■

*Jeffrey Bartash* is a reporter for Marketwatch in Washington.



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**Comcast to Open New Customer Service Center in Washington**

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**Comcast Cable** Comcast is the largest cable operator in the US . As of the closing of the Adelphia purchase on 7/31/06, Comcast had nearly 23.3 million direct subscribers, and another 3.5 million subscribers in various partnerships.

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**Jonathan Kramer**   
CableTV.com Administrator

Join Date: Mar 2006  
Location: Los Angeles, California  
Posts: 772

**Comcast to Open New Customer Service Center in Washington**

Aug 8, 2006 11:04 America/Vancouver **Comcast to Open New Customer Service Center in Washington**

SEATTLE, Aug. 8 /PRNewswire-FirstCall/ -- Comcast, the nation's leading cable and broadband communications provider, today announced it has signed a long-term agreement with Opus Northwest, L.L.C. to construct and lease a new office building in Lynnwood that would eventually house more than 500 Comcast customer service representatives, executives and administrative support staff.

Construction of the 87,385-square foot Comcast customer service center will be completed next year, with Comcast expected to occupy the building in July 2007. The building will be located in the 92-acre Opus Northpointe Corporate Campus near the intersection of 1-5 and 164th Street Southwest in Lynnwood. Terms of the 10-year lease agreement were not disclosed.

"I am very pleased that Comcast is choosing to expand their business in Snohomish County," said Snohomish County Executive Aaron Reardon. "It is a testimony to the success of Comcast's business acumen and to our County's ability to deliver value in terms of a quality work environment."

The new customer service center in Lynnwood will join two other major, state-of-the-art Comcast

service centers in Fife and Everett. All three centers, which will house a total of nearly 1,000 customer service representatives, will operate as one virtual call center with full back-up capability.

Comcast is committed to providing local customer service. Following Comcast's acquisition of AT&T Broadband in the fall of 2002, the company returned nearly all customer service functions in Washington state to the local market, meaning that now nearly 100 percent of all calls made by Comcast customers in Washington state are handled by a Comcast customer service representative in Fife or Everett.

"We are excited to be able to support the economic growth of the Snohomish County area through this new local customer service center," said Len Rozek, Senior Vice President of Comcast's Washington market. "This investment represents Comcast's continued commitment to provide a first-class experience for our customers, strong support for the local community and a rewarding state-of-the-art work environment for our employees."

Rozek noted that Comcast's emphasis on local service is translating into success. The company will add 350 new jobs in Washington by the end of the year and expects to add more than 200 additional jobs in Washington in 2007 to meet the growing demand for its products and services. Nearly all of these new jobs are for front line customer service representatives and cable technicians.

In particular, demand for Comcast's new residential phone service, called Comcast Digital Voice, is running well ahead of the market's expectations, since its launch in Washington late last year. The service offers customers digital-quality phone service with unlimited direct-dial local and domestic long-distance calling, Web access to voicemail, E911 service and numerous popular calling features.

Comcast continues to launch its popular triple play bundle offer of Enhanced Cable with ON DEMAND, Comcast Digital Voice and Comcast High-speed Internet products for \$33 each for 12 months when new customers subscribe to all three. The new offer saves customers more than \$350 in the first year.

In the coming year, Comcast plans to build nine new call centers, expand 12 existing locations and hire 3,000 customer service representatives across the country to help meet growing demand for its compelling packages of video voice and data services. Potential job applicants are encouraged to apply on line at <http://careers.comcast.com/>. Comcast Digital Cable customers in Washington also can learn more about job openings by clicking on the "Comcast Jobs" button under the "Get Local" section of the ON DEMAND menu.

Source: Comcast Corp.



« Comcast to Receive Houston, TX Cable Systems in Planned Dissolution of Joint Venture | Comcast Sportsnet Philadelphia in York/Hanover, PA »

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# NEWSWIRE Multichannel

## Slow But Sure, Comcast Finds Its Voice

By K.C. Neel

9/25/2006

When Comcast Corp. decided to enter the digital voice business, it went about it in the way that it launches all of its products: methodically and, when management believed the time was right, with gusto.

That doesn't mean Comcast was the first multiple-system operator to offer digital voice services. Indeed, it was behind the curve compared to peers Time Warner Cable and Cablevision Systems Corp., both of which launched phone services months before Comcast made its first digital offer to consumers.

But the wait paid off. Comcast is adding more than 23,000 new customers to its Comcast Digital Phone service every week, tallying 306,000 net new phone customers in the second quarter. The results blew past most analysts' expectations and Comcast stock has climbed steadily since the company posted its latest financial results on July 27.

Comcast didn't want to lease the equipment and infrastructure, as was the case with the switched-circuit phone offering it inherited when it purchased AT&T Broadband. So the company opted to own and integrate its back-office, gateway and soft-switch equipment with the modems in customer homes before rolling out its phone product on a national basis.

The decision delayed the rollout of digital-phone service, but "they're now reaping the rewards of lower variable costs, and therefore higher margins," Sanford Bernstein & Co cable and satellite analyst Craig Moffett wrote in a recent research report

**In this story:**  
**TAKING IT EASY**  
**A BASIC DRIVER**  
**MOVING BEYOND TV**  
**SPEEDING**  
**INSTALLATIONS**



"Comcast Digital Voice is driving tremendous products of the other

Comcast's digital phone product is different from "what I call an over-the-top, real Internet phone provider because we have a network that sits behind our service," said Catherine Avgiris, senior vice president and general manager of Comcast Voice Services. Without that control, "you can get into reliability issues," she noted. "[With some VoIP network ] the features aren't all there. We provide the same features and more at a more competitive price on our managed network, so there's the same reliability, safety and security, with 911, and E-911, that customers expect from a traditional phone-service provider ...

"You're going to be able to do more feature management and be able to customize your service and personalize your service and communicate how you want from where you want when you want," Avgiris said.

**TAKING IT EASY**

David Juliano  
Executive VP, Product Marketing  
and Development

It's all part of Comcast's strategy of offering products that "are easy to understand, easy to acquire, easy to use, and easy to pay for," said executive vice president of marketing and product development David Juliano. "If you think about

that, and you go back, even historically — and don't confine yourself to cable, but any products that are sold in America — when products are easy to understand, easy to acquire, easy to use and easy to pay for, customers will both buy more of your product and pay more for your product because that is the natural adoption pattern for the American consumer."

It's apparently working Comcast expects to add 1.3 million to 1.4 million digital-phone customers for the year, instead of the previously estimated 1 million additions. Comcast has been adding about 23,000 phone subscribers per week, up from 10,000 weekly a year ago.

At this point, 35% of new customers calling into Comcast are subscribing to the operator's triple-play bundle and paying an average \$120 monthly for those services, chief operating officer Steve Burke told analysts during the company's second-quarter conference call.

"The phone business is coming into its own and is driving an era of growth we haven't seen for a long time," CEO and chairman Brian Roberts said during the conference call.

Analysts are pleased with the results. "Comcast likes end-to-end control, which is what they have with their phone division, and it shows their confidence in the upside growth potential of the business," said Matthew Harrigan, a media analyst with Denver-based research and investment firm Janco Partners. "I don't think it's unreasonable to assume that they can eventually reach penetration rates in the low- to mid-20% range.

"They have a strong marketing momentum going right now and there aren't many barriers to entry on the product and data side of the business. Video will always be the largest business in terms of cash-flow contribution, but voice and data are the growth engines and the economics of those businesses are very attractive."

## A BASIC DRIVER

Video growth may be minimal, but Comcast's basic-penetration rates — especially in old markets — are below the national average, which means there may be more upside on the video side of the business than for other operators. Bundling products will likely help as well, Harrigan said.

"Brian Roberts used to regard bundling as closet discounting," Harrigan said. "But the company is now more flexible with its packaging and bundling and consumers are reacting positively."

To be sure, Comcast executives said the company's phone service is helping drive penetration of the company's other services. "Comcast Digital Voice [CDV] is driving tremendous adoption of the other products," Juliano said. "So 75% of our voice customers take three products. Almost all of our voice customers take two products or more. I think 98% or so take two products or more."

To wit, in Boston — Comcast's most mature phone market — the operator went from a loss of 16,000 basic customers in 2005 to a gain of 1,000 customers in the second quarter, Burke told analysts.

"In Boston, I think it's fair to say we're seeing a greater uplift in high-speed data and basic subs than other markets," Burke said. "As a whole, we don't think the triple play is materially affecting our basic subs now, but we're clearly seeing trends that would suggest it will, once you get out a couple of quarters."

But Comcast may have gotten a boost in subscriber numbers in its New England region because of a recent marketing promotion that is pushing a triple play rate for a bundle of bare-bones basic video, high-speed Internet and telephone service to just \$69 per month, for subscribers that have bolted to DirecTV Inc., RCN Corp. and other rivals. The deal is available only to defectors and doesn't include digital video service. In other markets, digital

video, high-speed data and local phone service cost \$99, part of a national campaign as Comcast rolls out phone service across the country.

Comcast's management initially thought the company's rollout of VoIP service would be a drag on 2006 operating cash-flow growth.

"In reality," Burke told analysts, "due to the triple play, we're seeing the benefits of less discounting on our video and high-speed data business. We're also seeing the benefits of scale and running three products over the same infrastructure. As a result, operating cash flow growth has accelerated from 10% to 13% and that acceleration should continue as we add more triple play customers in the future."

## MOVING BEYOND TV

Comcast is clearly pushing its triple-play bundle, but the operator is also aiming its sights at non-cable homes with data and phone bundles. Indeed, Roberts told attendees of a Citigroup investment conference in Phoenix in January that market-share gains are more achievable for those products than for video services.

"I think you have to move way beyond looking at basic subscribers," he told analysts at the time.

The data-and-voice bundle is financially efficient because the same cable modem that handles data traffic can handle phone traffic via the same IP platform. Data-only modems cost about \$40, while a phone-and-data modem costs about \$70, according to Scientific Atlanta. A new phone customer therefore pays the operator back for incremental equipment costs in less than one month.

A monthly \$80 data-and-voice bundle might produce \$50 or more in profit — about a 60% margin, Leichtman Research Group president Bruce Leichtman said. Because of programming costs, video-only margins typically run in the 35% to 40% range, he noted. That also means cable can target satellite subscribers, offer a data and voice service that DBS can't provide and increase profits and revenue, even without getting the video piece.

Moreover, cable customers tend to be happier with their phone and data service than they are with their video service, making it easier to sell those products, Leichtman said.

"Cable is still being held down [in customer satisfaction surveys] by their legacy on the video side of the business," he said. "But they've been able to overcome that with their other services such as broadband and phone."

Juliano estimates that between 20% and 25% of Comcast's switched-circuit customers take only phone service from the cable company.

"So obviously, they represent an opportunity for us to sell the other two products in there that we've not had an opportunity to sell before and get them into the triple play," he said. Comcast will continue selling its Digital Voice service a la carte and as part of a high-speed data bundle, but Juliano noted that the majority of customers continue to subscribe to multiple services.

## SPEEDING INSTALLATIONS

Comcast's biggest restraint in phone customer growth is its ability to install customers in a timely fashion. It expects to add 3,000 field technicians this year and bolster its outside contractor list to help keep the installation time to a minimum. Some technical hoops must still be jumped through, but Juliano noted Comcast is working to create a self-installation process so consumers can hook themselves up to digital-phone service much the same way high-speed data customers have been able to sign on for service.



"I mean there's nobody else in the cable industry that's thinking about that yet, but we've got to figure out a way **so that when we get to the Best Buys and Circuit Citys** and the customers are looking to buy the new 5.8 Gig multiple handset, then it can come with the MTA [multimedia terminal adapter] and a little instruction kit that says take this home and install it yourself," Avgiris said. "You don't have to wait for the professional installer. If you'd like, we'll install it for you."

The MSO initially rolled out its voice-over-Internet protocol phone product in markets where it wasn't offering switched-circuit service, Avgiris said. "When we first launched **CDV**, we were careful," she said. "We wanted to obviously raise the entire phone customer base, so we went into the areas that we had not launched phone first." Now however, Comcast is working to migrate its switched-circuit customers, albeit gradually:

"We do have a Plan to slowly migrate customers off, but we never really built out phone in any one market to any great extent," she said. "So there were very few of the originally AT&T Broadband markets that had the circuit-switched phone rolled out as ubiquitously as now **CDV** is."



"We're not going to dive off a cliff (Migrating circuit-switched customers) is something that **we want to take our time doing.**"

Catherine Avgiris  
Comcast Voice Services

"We're not going to dive off a cliff," Avgiris said. "This is something that we want to take our time doing and make sure that we have provided a good experience to these customers. So over the next couple of years, you'll see more customers migrating, but up until this point, the **CDV** customers really have been new because it's come from new footprint."

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### COMCAST REPORTS 2006 RESULTS AND OUTLOOK FOR 2007 ANNOUNCES 3-for-2 STOCK SPLIT

#### Triple Play and superior products power record-setting results

**4th Quarter Cable Revenue increased 14%**  
**Cable Operating Cash Flow increased 17%**

**Added 5 Million RGUs in 2006 – up 69%**  
**Cable Revenue up 12%**  
**Cable Operating Cash Flow up 15%**

**Expects Another Record-Setting Year in 2007 – 6.5 Million New RGUs**  
**Minimum 14% Cable Operating Cash Flow Growth**

Philadelphia, PA – February 1, 2007...Comcast Corporation (NASDAQ: CMCSA, CMCSK) today reported results for the quarter and the year ended December 31, 2006. The following table highlights financial and operational results (dollars in millions, except per share amounts; units in thousands):

<b>Consolidated</b>	<b>4Q06</b>	<b>2006</b>	<b>Growth</b>	
			<b>Quarter</b>	<b>Year</b>
Revenue	\$7,031	\$24,966	30%	18%
Operating Cash Flow ¹	\$2,594	\$9,442	30%	19%
Operating Income ¹	\$1,218	\$4,619	43%	31%
Earnings per Share ¹	\$0.18	\$1.19	200%	183%
<b>Pro Forma Cable²</b>				
Revenue	\$6,894	\$26,339	14%	12%
Operating Cash Flow	\$2,749	\$10,511	17%	15%
Revenue Generating Unit Additions	1,632	5,026	77%	69%

Brian L. Roberts, Chairman and CEO of Comcast Corporation, said, "2006 was simply our best year ever. Powered by our triple play offering and superior products, we added more RGUs than at any other time in our history and reported terrific growth in cable revenue and Operating Cash Flow. This record-setting performance demonstrates substantial operating momentum, and we could not be more enthusiastic about the future. Looking ahead, we are perfectly positioned to continue to offer consumers the best entertainment and communications value proposition available anywhere, and to continue to deliver significant value to our shareholders."

Mr. Roberts added, "Reflecting our strong results and outlook, our Board of Directors authorized a 3-for-2 stock split – the 11th stock split in our company's history."



## **Pro Forma Cable Seament Results²**

Year ended December 31, 2006

Cable results are presented as if the acquisition of Susquehanna Communications and the Adelphia/Time Warner transactions were effective on January 1, 2005. Cable results also include the results of the Houston, TX cable systems received with the dissolution of the Texas/Kansas City cable partnership as if that transaction was effective on January 1, 2005. (See note 2 for additional details).

**Revenue** increased 12% to \$26.3 billion for the year reflecting increasing consumer demand for Comcast's services and the success of Comcast's Triple Play offer.

**Revenue generating units (RGUs)**³ increased 69%, or a record 5.0 million from prior year net additions of 3.0 million, to end the year at 50.8 million RGUs.

**Operating Cash Flow** (as defined in Table 7) grew 15% to \$10.5 billion resulting in an Operating Cash Flow margin of 39.9%, an increase from the 38.8% reported last year. The margin improvement reflects strong revenue growth and our continuing success in controlling the growth of operating costs. In 2006, programming expense increased 8% to \$5.4 billion, Comcast hired and trained 6,500 new employees to support higher service and installation activity that resulted from record RGU additions and integrated lower-margin operations received with the cable system acquisitions.

### **Video**

- Added 1.9 million new digital cable subscribers in 2006 – 59% above last year
- Added 80,000 basic cable subscribers during 2006 compared to a loss of 141,000 in the prior year

Video revenue increased 8% to \$16.6 billion in 2006, reflecting growth in both basic and digital cable customers and increased demand for advanced digital features including ON DEMAND, digital video recorders (DVRs) and HDTV programming, as well as higher basic cable pricing.

Basic cable subscribers increased by 80,000 to 24.2 million during 2006 with 12.7 million or 52% of video customers taking digital cable services. Comcast added 1.9 million digital cable customers in 2006, an increase of 59% from the 1.2 million digital cable customers added in 2005. The digital cable customer additions in 2006 include 900,000 digital cable and 1.0 million Digital Starter subscribers. During the year, 1.5 million digital cable customers subscribed to advanced services, like DVR and HDTV, either by upgrading their digital cable service or as new customers. Customers subscribing to digital cable with advanced services pay \$75 or more per month, 15% more than the average Comcast Digital Cable subscriber. Growth in video revenue also reflects increasing ON DEMAND movie purchases. Pay-per-view revenue increased 27% to \$633 million in 2006.

### **High-speed Internet**

- Added 1.9 million high-speed Internet subscribers during 2006 - highest level of annual additions in Company history

High-speed Internet revenues increased 23% to \$5.5 billion in 2006, reflecting a 1.9 million or 19% increase in subscribers from the prior year and relatively stable average monthly revenue per subscriber. Comcast ended 2006 with 11.5 million high-speed Internet subscribers or 25% penetration of our footprint.

### **Phone**

- Added over 1.5 million Comcast Digital Voice (CDV) customers compared to 290,000 in the prior year
- CDV service now marketed to 32 million homes representing 68% of Comcast's footprint

Phone revenue increased 45% to \$955 million due to significant growth in CDV subscriber additions, offset by a \$132 million decline in circuit-switched phone revenues as Comcast primarily focuses on marketing CDV in most markets. Comcast ended 2006 with a total of 1.9 million CDV customers or 5.7% of available homes.